



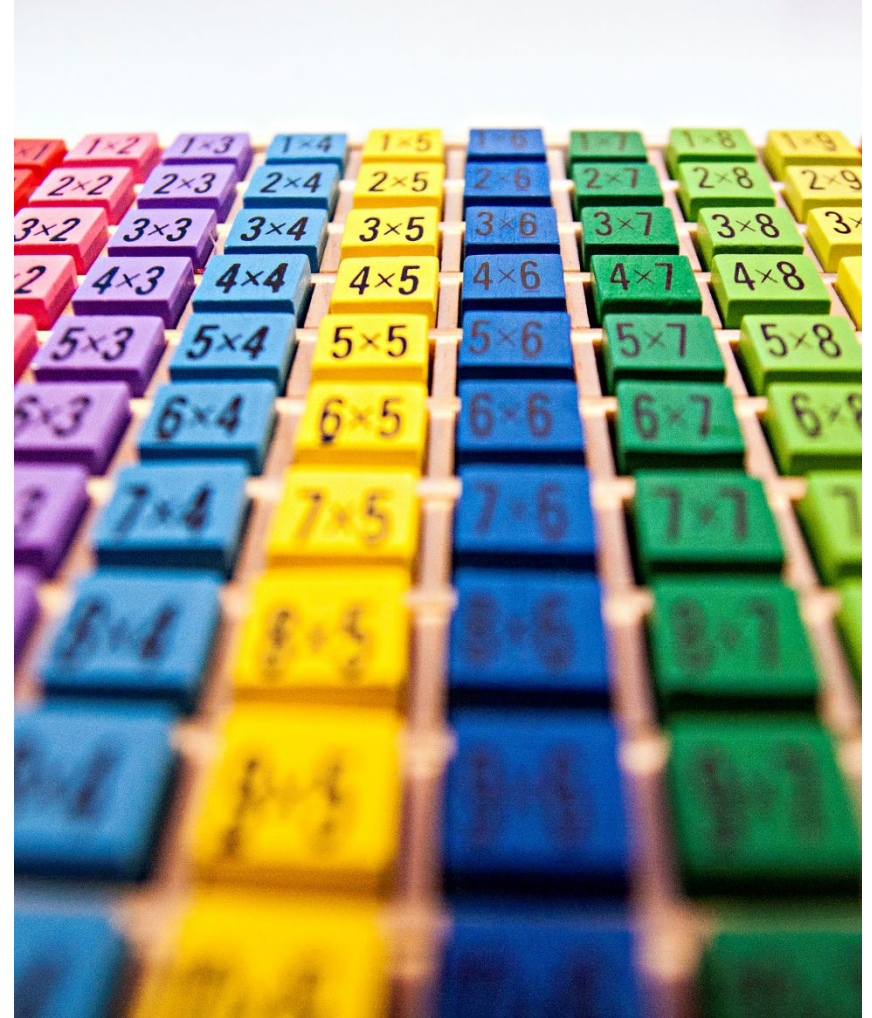
Fraud Risk Management Strategies

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Learning Objectives

- Practical and operational strategies to implement fraud risk detection analytics
- Fraud risks we might encounter in today's operating environment
- Broader context of fraud risk management in the public sector



Taking a Step Back in Time

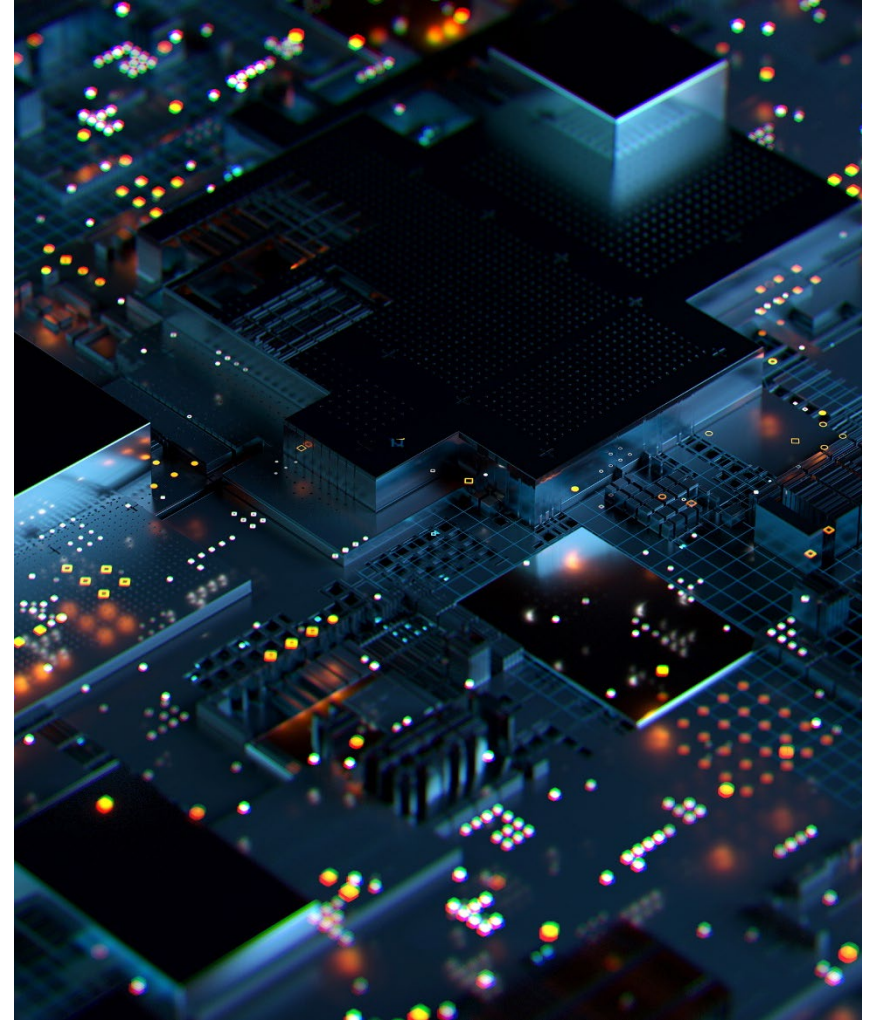
- March 2020 operating environment
- Opportunities and challenges
- Service delivery needs

Emergency and Recovery programs

- One-time benefit programs
- Distinct from regular business and operations
- Inherent fraud risks
- Emergency versus recovery programs
- Balance service delivery and fraud risk tolerance
- Limitations of automated controls

Analytics to Mitigate Fraud Risks

- Last line of defence
- External and internal risks
- Systemic versus isolated attempts
- Informs future actions
 - **Audits**
 - **Program design**



3-Step Analytic Tool Building

- **STEP 1: Identify and understand possible fraud risks**
 - **Program design and business rule risks**
 - **Multiple payment risks**
 - **Higher risk characteristics**
 - **Continuous refinement**

3-Step Analytic Tool Building

- STEP 2: Design and build out
 - Access, format and quality of data
 - Scalable and sustainable tests
 - IMIT requirements

3-Step Analytic Tool Building

- STEP 3: Monitor and report
 - Near-time monitoring
 - Follow-up and enquiry capacity
 - Reassess risks
 - Inform future activities

Possible Challenges

- Incorrect assumptions
- Complex program design
- Reliance on others
- IMIT capacity
- Data quality
- Inconclusive results
- Stale tests



Five Key Points

- Understand your systemic risks
- Design simple analytic tests
- Data quality risks
- Limit reliance on others
- Robust follow-up and enquiry process

Fraud Activities We Might Encounter

One-time Benefit Programs

- False declarations
- Identity theft
- Program design influence

Regular Business Operations

- Phishing emails
- Personal use of assets

The Broader Context

- Analytics is only one component of a successful fraud risk management strategy
- FRM policy
- Assessment process
- Prevention and detection activities
- Fraud reporting and monitoring



Questions?

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gov.bc.ca/gov/content/governments/policies-for-government/fraud-risk-management-resources